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**Higher Education Committee**

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**HB 1531**

**Brief Description:** Exempting required college instructional materials from sales and use taxation.

**Sponsors:** Representatives Warnick, McDonald, Ahern, VanDeWege, Hinkle, Haler, McCune, Strow, Rodne, Green, Ericks, Barlow, Bailey, Rolfes and Dunn.

**Brief Summary of Bill**

- Provides a sales and use tax exemption for college instructional materials purchased from college-affiliated bookstores.

**Hearing Date:** 2/5/07

**Staff:** Jennifer Thornton (786-7111).

**Background:**

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user.

Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0 percent, for an average combined state and local tax rate of 8.5 percent.

College instructional materials such as textbooks, workbooks, and pre-written computer software are currently subject to sales or use tax, even if delivered electronically.

**Summary of Bill:**

Students enrolled at postsecondary institutions in Washington are exempted from paying sales or use tax on required college instructional materials sold by bookstores affiliated with the institution

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they attend. College instructional materials are defined as textbooks, workbooks, standardized data, or pre-written computer software, delivered through any tangible storage medium or through electronic download.

Institutions of higher education will provide documentation of required college instructional materials to their affiliated bookstores, based on a process and requirements developed collaboratively by the institutional governing body, affiliated bookstores and student and faculty representatives. The bookstore will maintain documentation as required.

**Appropriation:** None.

**Fiscal Note:** Requested on February 2, 2007.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.